

'INDIA TO SURPASS JAPAN AS ASIA'S 2ND LARGEST ECONOMY BY 2030'

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

Global growth engine: 'India's nominal GDP is forecast to rise from \$2.7 trillion in 2021 to \$8.4 trillion by 2030'. AFP

India is likely to overtake Japan as Asia's second-largest economy by 2030 when its GDP is also projected to surpass that of Germany and the U.K. to rank as the world's No.3, IHS Markit said in a report on Friday.

Currently, India is the sixth-largest economy, behind the U.S., China, Japan, Germany and the U.K.

"India's nominal GDP... is forecast to rise from \$2.7 trillion in 2021 to \$8.4 trillion by 2030," IHS Markit said. "This rapid pace of economic expansion would result in the size of Indian GDP exceeding Japanese GDP by 2030, making India the second-largest economy in the Asia-Pacific region." By 2030, the Indian economy would also be larger in size than the largest Western European economies of Germany, France and the U.K.

The long-term outlook for the Indian economy is supported by a number of key growth drivers.

"An important positive factor for India is its large and fast-growing middle class, which is helping to drive consumer spending," IHS Markit said, forecasting that the country's consumption expenditure will double from \$1.5 trillion in 2020 to \$3 trillion by 2030.

For the full fiscal year 2021-22, India's real GDP growth rate is projected to be 8.2%, rebounding from the severe contraction of 7.3% year-on-year in 2020-21, IHS Markit said.

The Indian economy is forecast to continue growing strongly in the 2022-23 fiscal year, at a pace of 6.7%.

The rapidly growing consumer market as well as its large industrial sector have made India an increasingly important investment destination for multinationals in many sectors, including manufacturing, infrastructure and services.

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